2 Gamble S-5 (1926-1933)1954 AF 12 North China AF 12

economic life of Ting Hsien. They also made it possible for not a few people to earn their living changing money. 436

Old record books of the hsien government and the account books of stores in the city made it possible for us to trace the history of the silver-copper exchange rate for seventy-five years from 1857, the 7th year of Hsien Feng, through 1931, the 20th year of the Republic. The 1857–1928 figures, taken from the yamen account books, were secured during the early part of our study. Later the 1929–1931 rates were added from the records of a city exchange shop. For 1928 the yamen rate and the exchange shop rates differed by less than 1.5 per cent. To make sure that, through the years, the government rate was not a special official rate and different from that used in ordinary business transactions, we compared the yamen rates for some thirty years with those recorded in store account books. There was some difference between the rates but it was a small one. It is felt, therefore, that the changes in the official rate gave a good history of the silver-copper exchange rate and that the record was not materially altered by our using the more readily available exchange shop figures for the last three years, 1929–1931. Our figures are the average of the available quotations for each year.

From 1857 through 1913, the hsien accounts were all in terms of taels and cash. Dollars appeared in the accounts in 1914. For a time the two silver units, taels and dollars, were used, but later, by official order, the use of the tael was discontinued. 436 458

In order to give the record from 1857 through 1931 in terms of a single standard, the cash-tael rates have been converted into cash-dollar rates at 0.72. Figure 19 shows the changes in the cash-tael rates from 1857 to 1914 and in the cash-dollar rates for the entire 75 years from 1857 through 1931. Table 78 gives the figures for the cash-dollar rates.

In 1857 the average exchange rate was 1,518 cash per tael. The dollar equivalent was 1,093 cash. In 1931 the average was 4,090 cash per dollar, an increase of almost 275 per cent in 75 years. The highest rate, 4,400 cash per dollar, in the second month of 1929, was just over four times the average for 1857. In the first month of 1932 the rate was 3,870 cash per dollar.

During the last five years of the reign of Hsien Feng, 1857–1861, there was a 20 per cent increase in the exchange rate. It is rather sur-

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prising that the Ting Hsien rate was not more seriously affected for there was serious inflation in Peking. It was during those years that the Imperial forces were struggling with the T'ai P'ing rebels and with foreign invasion. Peking was captured by the foreign forces on September 21, 1860. The T'ai P'ing forces cut off Peking's supply of copper from the mines in Yunnan, so the capital had to make its coins from iron. That, plus the war expenditure, brought on the inflation.

Improvement of the copper coinage was evidently a high priority item on the program of the Emperor T'ung Chih when he came to the throne for the exchange rate dropped almost one-third, from 1,269 to 875 cash per dollar, in the first four years of his reign, 1862–1865. The improvement did not last, however, for by the end of his reign, 1874, the rate was back to 1,219 and had been up to 1,304 in 1871.

During the first five years of K'uang Hsü's reign, 1875–1879, the copper coinage again improved, for the exchange rate dropped almost 20 per cent. Most of this came, however, in 1877, which was a famine year in North China. During the next 15 years after 1879 there was little change in the rate. For only five of those years was the rate more than 3.5 per cent above or below the rate of the previous year. The 1894 rate was only nine cash more than the rate in 1879. From an intermediate peak in 1892 the rate dropped, with some fluctuation, until in 1905 it reached the lowest point in the 75 years, 757.8 cash per dollar. This was a drop of 33.3 per cent in 13 years. The 1905 rate was 42 per cent below the rates for 1861 and 1871 and 30.7 per cent below the 1857 rate. The fighting and disturbed conditions of Boxer year brought only a small increase, just over 2 per cent.

For the 24 years after 1905 the rate increased every year but three. Two of the three years were after Hsüan Tung ascended the throne in 1909. This was the third time in succession that the rate went down at the beginning of the reign of a new emperor. The third year with a decrease was 1917, when war conditions raised the price of copper to the point where the bullion value of the cash was above their monetary value. They were bought up in large quantities by the Japanese, melted down, and shipped out of the country. As a result the silver-copper rate went down 12.5 per cent. It went up again the next year and the average for 1918 was only five cash below that for 1916.

The political and economic difficulties of the Republic were reflected in the declining value of the copper coinage. It went down every

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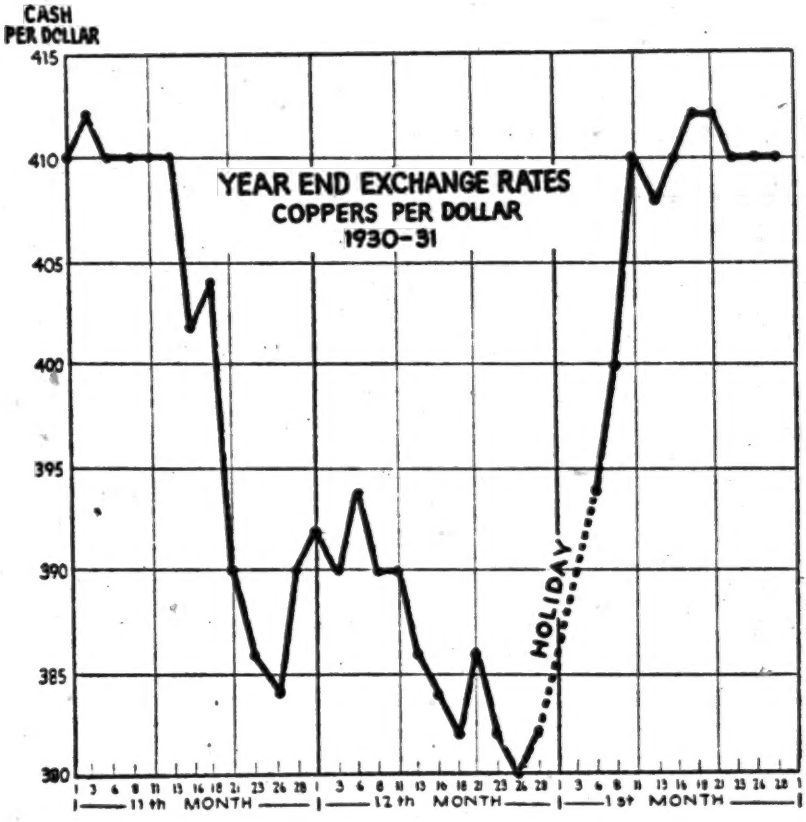

FIGURE 20. YEAR END SILVER-COPPER EXCHANGE RATES, 1930–1931

year but one from 1912 until after the Nationalist forces captured Peking in 1928 and unified the country. When the "war lords" had control of the local mints they profited by reducing the bullion content of the copper coins they issued. From 1920 to 1928 the exchange rate went up 180 per cent. After 1922 there were four successive years with increases of 16.5, 17.4, 25.0, and 22.3 per cent, an overall total of 109 per cent in four years.

The Nationalist government promptly moved to control the coinage for within seven months after the capture of Peking the exchange rate

2: Gamble S-5 (1926-1933)1954 AF 12 North China AF 12

started to go down in Ting Hsien. It dropped 12 per cent in the next 35 months.

From the low point in 1905 to the peak in 1929 the exchange rate increased 469 per cent. From 1857 to 1929 the increase was 295 per cent. In 75 years, 1857–1931, the rate went up 275 per cent.

A comparison of the Ting Hsien and Peking exchange rates showed that from 1862 until 1877 the Ting Hsien rate was the higher. Peking did not have the 1876–1882 dip and rise. From 1882 to 1900 the two rates followed similar declining trends. The Peking rate reached its lowest point in 1900, Boxer year, five years before Ting Hsien. From 1900 to 1915 the Peking rate was higher. From 1918 to 1931 the Ting Hsien rate was regularly higher but both rates had practically the same rapid increase. In 1930 they were only 20 cash (two coppers) apart, 4,080 and 4,100. From 1915 through 1930 Ting Hsien's yearly rate ranged from 97 to 106 per cent of the Peking rate. Except for 1928 and 1929 the variation was not over 3.5 per cent, a very close agreement.

How the extra demand for money at Chinese New Year's time affected the exchange rate is shown in Figure 20. It gives the rates for the Ting-hsien market days of the 11th and 12th months of 1930 and the 1st month of 1931. The rate dropped 23 per cent from the first of the 11th month to the end of the 12th month, but by the eleventh of the 1st month it was back to the original rate, 410 coppers per dollar.

As the city markets were set according to the lunar calendar the exchange shops usually operated on the same basis. In 1930 they attempted to follow the solar calendar but it did not work out well and they went back to the lunar calendar in 1931.

Credit

Credit was provided in Ting Hsien by pawn shops, mutual savings societies, cooperative credit societies, and private lenders. There were no banks in the hsien at the time of our study. The pawn shops were found only in the towns. Mutual savings societies were, as their name implies, for regular savings over a long period of time rather than for short term loans. Cooperative credit societies could be organized under the Chinese law and some were very successful in providing credit at low rates of interest, but they were a new type of organization still largely in the promotion stage and so were not a large factor in the

3:Chao E-5 (1939-1941)1948 AF12 North China AF12

463 592 away as unskilled laborers, to engage in handicraft work at home, to sell as peddlers, or to live on family inheritance.[9]

592 556 The village has a very rich family. It owns half of the cultivated land of the village. Members of this family engage in big businesses in the city of Peiping and in professions in other cities.[10] In addition to this family, there are two more families, one farm and one non-farm, that have business, but on a very limited scale, in the city. Of the other families, only seven persons are in professions and government services, but they hold only very low positions.

Exchange with town- and city-people is important to the villagers. Non-farm families have to buy their daily necessities either from one of the market-towns,[11] or from the two stores in the village which in turn buy their own provisions from towns and the city. The farmers sell their non-food products and cereals of high quality to collectors in the nearest town and buy cereals of low quality for their own consumption. Economic factors have brought the villagers into contact with many strangers, with whom they have to cooperate in order to earn a living. There are not a few families that produce for their own consumption only, but these families have to find other means to buy agricultural implements and other necessities.

458 In these days of great fluctuation in prices, the villagers, particularly the farmers, have many worries. To be a debtor is bad, but to be a creditor is worse. The paper notes returned to a creditor who loaned out his good money years ago are all but valueless to him. One of the most popular subjects of conversation is this economic instability. The villagers have felt the pressure of a world larger than the family and the village. In the solution of their problem of hunger, this pressure has to be considered.

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9 Statistics on occupation and land have been collected. It is hoped that some day we can publish these data.

10 This family of wealth is partly isolated from the rest. It is only recently that we have had a more intimate contact with its members. It is hoped that a case study may be made of this family.

11 For more information on village and town relations, see Ching Ho: A Sociological Analysis, The Department of Sociology and Social Work, Yenching University, 1930, and a revised statement in Chinese by Ti Huang, The Ch'ing Ho Village-Town Community, The Department of Sociology and Social Work, Yenching University, 1938. 黃迪, 淸河村鎭社區, 社會學界第十卷單行本, 民國二十七年六月.

5: Tao E-5 (1926-1927) 1928 AF12 North China AF12

value. An over-production of copper coins brings at once with it a fall in their value and consequently more coppers may be exchanged for one silver dollar. In other words, both the copper and the ten-cent-pieces have entirely lost their virtues as token money and are subject to constant fluctuation in their exchange to the yuan. As an illustration of the remarkable phenomenon of copper inflation, the following instance may be quoted. Ten years ago, one dollar could only be exchanged to 150 coppers in Peking, while the present rate has risen to more than 370 coppers. Below is given the monthly average exchange rate of the silver dollar to coppers and silver ten-cent-pieces or dimes for the six months during which the family accounts were kept.

Month	Coppers per yuan	Cent-pieces per yuan
November	365	11.70
December	369	11.59
January	379	11.97
February	384	11.90
March	383	12.11
April	383	12.43

It should be noted that while the sudden jolts and swerves of the exchange rate were not much in evidence, nevertheless its constant fluctuating conditions must have had serious effects upon the incomes and expenses of different families.

In the accounts of the various families, monies of different denominations were recorded just as they were received or spent; but in the computation of the data they had all to be converted according to their monthly average exchange rate to silver dollars or a fraction thereof. Of the working families, some received their wages in silver yuan, while others, such as rickshamen and most of the handicraft workers, received them in coppers. In their expenditure, they had to pay dollars or their equivalents in coppers for rent and articles, such as imported and manufactured goods whose prices are always fixed on the dollar basis and are generally quoted in dollars and cents (big money), while for purchases of certain commodities such as vegetables

5: Tao E-5 (1926-1927) 1928 AF12 North China AF12

436 458 whose prices are generally quoted in coppers, they pay coppers, because they are the currency most commonly used for small purchases. On the whole, it may be observed that all prices are fixed on the dollar basis, though some respond immediately to the changing rate of the copper exchange, while others lag a little behind. Now under such complicated and perplexing conditions, earners of small incomes easily become poor victims. They are squeezed right and left, whenever there is any fluctuation in the exchange rate between the three kinds of coins. Thus, if the value of the copper falls, the purchaser, if he happens to be a copper-earner, has either to pay more in coppers or to receive less in commodities because of the shortage in weight, a practice which the clever retailer very often resorts to, when he finds his profit is threatened. In both cases, the purchaser has to lose. Nor does he gain anything, if the value of the copper rises. For then the price may not fall simultaneously and he will have to pay the same amount of coppers as before. The dollar-earner seems to be in a better condition, though he, too, has to make small purchases in coppers and consequently is subject to the same disadvantages as the copper-earners, as far as his day-to-day copper spending and exchange is concerned.

Another factor in the monetary system in Peking that sometimes works havoc on the economy of our working families is the copper notes and dollar notes. The latter are seldom possessed by them but the notes in denominations of 10, 20, 50 and 100 coppers have been very widely used, because they are convenient to carry. It occurred in the past that such copper notes at first depreciated and were exchanged at a discount and then finally they became entirely inconvertible and hence valueless. During such a crisis, copper notes passed most rapidly from one hand to another, and as likely as not it was the working class that received the blow heavily unless they refused to take or keep them altogether. And it must be considered fortunate that in the course of our investigation no such paper note crisis has been experienced.

436 It is not our concern here to relate all the details of the

here to show the nature of the concern in which our workers were employed. Data which the Factory deems confidential have all been withheld.

Abnormal Period.—Political disturbances in the past few years have seriously affected the business of the factory. From May to July 1926, three shops in the factory were one after another closed down, while only one was left in operation. During this period, production was greatly curtailed and chances for paying the salt bonus which certain workers would receive on account of their part in increasing the output of salt had necessarily become rather rare. The slump in the salt refining business undoubtedly brought unhappy consequences on the economic conditions of the workers. In normal years, workers generally devoted six months to manufacturing salt, while during the last year they worked only two months on it. The annual income of the salt workers was thus reduced by an amount of four months of salt bonus which is about $20 or about one-eighth of their yearly income.

Worker's Estimate.—On account of the generally low intelligence of the workers, not more than two or three in one hundred could keep their own account books. Figures on the schedules were all supplied by the workers and duly filled out by the investigator himself. As these figures were mostly obtained through cross-examination of the workers at various points and were also carefully studied later, they may be considered to have approached a high degree of accuracy. However, inaccurate estimates were still apt to occur. For instance, a worker might be told by a friend who had been investigated that certain questions were to be answered in certain ways, and in this case, the figures he gave for his own expenses would be more or less influenced by the advice of his friend. At other times, a worker would make use of another man's figures provided he found them serviceable. At still other times, a worker might base his expenses upon the figures of a few days, which he happened to remember rather than upon the average expense for the whole year. In the first case, the